7 October 2016

Progility plc

("Progility" or "the Company" or "the Group")

Final Results

Progility plc (AIM: PGY) is the holding company of a systems integration and project management services group which has been created to provide a range of project management services including innovative and market leading technology solutions.

Chairman's Statement

I am pleased to present Progility's results for the twelve months to 30 June 2016. Early in the period we reconsidered the basis upon which we reported our results as we evolved into a more stable set of businesses. Although our focus remains to apply our expertise as a broadly based project management services group we are now very focused on achieving efficient and effective operations within three distinct areas – Professional Services, (comprising our training and recruitment businesses), Healthcare (comprising Starkstrom) and Communications (comprising our technology businesses in India and Australia). Wherever possible we will seek to exploit opportunities to combine activities across these segments and across geographies, but during the period under review the focus has been on improving the cost effectiveness and overall efficiency of the separate segments and to instil a much more rigorous approach to all aspects of our business.

During the year we have therefore incurred some additional cost in implementing change, both in reducing Corporate headcount and also in closing certain activities which were not and are no longer expected to generate an acceptable return.

Financial Performance

Overall revenue was £61.6 million from continuing operations, which represented growth of 3%, from continuing operations, over the prior year. Within this we saw a reduction in sales in both Professional Services and Healthcare but strong revenue growth in Communications operations, primarily as a result of consolidating a full year of results from India. An operating loss of £0.1 million from continuing operations, before highlighted items, was clearly disappointing but in arriving at this we have absorbed a significant level of cost in implementing changes to our operational cost base and in headcount reduction.

The overall reported post tax loss for the year was £2.7 million which is after interest charges of £3.0 million, a write down of goodwill in Australia of £0.6 million and a credit of £2.0 million arising from the release of provisions on our Indian acquisition.

Our strategic report contains more detailed commentary on our three business areas.

Management and the Board

During the year we have seen a number of changes to the Board. At the end of July 2015, Donald Stewart left the company, some three years after joining Progility, to pursue his own professional practice and become more involved as a non-executive with a range of companies. Hugh Cawley, our CFO, left the Company at the end of March 2016 after a year with the Group. We have strengthened the finance function within our operating segments and have not therefore considered it necessary to have a CFO on the Board, at this time. We continue to keep this situation under review. We are grateful to both Donald and Hugh for their efforts on behalf of the Group. Outside the Board we have made additions to senior management, in particular in Australia where Campbell Johnson joined in September 2015, and is already making great strides in changing the performance of our Australian activities. He is also providing his expertise elsewhere in the Group, particularly at Starkstrom, to drive efficiencies in the business.

Prospects

The focus will remain, in the year ahead, on embedding greater efficiency into our operating units. We have made the changes to enable this to happen and expect our future performance to improve. We will ensure that future growth is both sustainable and profitable. We believe that there are significant opportunities for our businesses to develop and expect a more positive outcome this year.

Wayne Bos

Executive Chairman

7 October 2016

Strategic Report

Progility plc - Overview

The Progility Group now comprises three business segments Professional Services, (comprising the training and recruitment businesses), Healthcare (comprising Starkstrom) and Communications (comprising our technology businesses in India and Australia). This move from a historically geographic segment approach reflects our more stable set of businesses. Using this spread of skills and the geographic reach of our businesses it is still the intention, where opportunities arise, to create solutions for both using the skills and resources of our three segments to deliver project management solutions. However, the focus in the period under review has been to implement the necessary changes to our cost base and to our operational practices to achieve more acceptable returns in the future.

The Group will continue to be run as a portfolio, making additions and disposals when the opportunity to generate above average returns arises. The current period saw no acquisitions or disposals.

Principal activity and business review

The principal activities of the Group during the period, as outlined above, are Professional Services, Healthcare and Communications.

Corporate Management and segmental reporting

The group's global headquarters remain in central London to suit the diverse needs of the various businesses within the Group.

Our executive management team comprises highly capable managers within sales, finance and operations. The team has evolved to become an effective operation, able to deliver across their respective geographical client base. Their combined experience covers both large and medium sized entities and includes: systems integration, consulting, business development, sales, classroom and e-learning, digital transformation, financial control and operating in a public company environment. Our executive team are experienced in mergers and acquisitions, business integration and business improvement.

Our business is managed through three business segments to maximize our ability to communicate and to deliver our full range of products and expertise to our key clients' decision makers across the diverse territories and time zones in which we operate. These three segments reflect the management responsibility and accounting arrangements used to manage and report upon the performance of the business.

Key performance indicators (KPI's) for each business are revenue, gross profit margin and earnings before interest, taxation, depreciation and amortisation (EBITDA).

The Group's chief operating decision maker remains the Executive Chairman who reviews and considers these reports at the formal board meetings.

Professional Services

	As reported Year ended		**As reported Year ended**	
	30.6.16	**30.6.16**	**30.6.15**	**30.6.15**
	£000	**£000**	**£000**	**£000**
	Revenue	Segment Profit	Revenue	Segment Profit
Professional Services continuing operations	15,924	1,087	16,882	1,084
Professional Services discontinued operations	824	(268)	344	(239)
Professional Services total	16,748	819	17,226	845

The founding unit of the Group, the Training business, operates under the ILX brand. ILX is a leading provider of training in best practice for programme, project and IT service management, including strategic programme and project management consulting solutions. ILX also develops bespoke training courses for large-scale IT migration and transformation projects. We deliver ILX services from offices in the UK and Dubai and Australia, with partnerships extending into Europe and the US.

TFPL, Sue Hill and Progility Recruitment are our UK-based recruitment services brands. TFPL became part of the Group in July 2014 with Sue Hill joining in November 2014. Together they form a recruitment division which boasts a pool of quality assured candidates trained in project management services, including digital information management candidates. Progility Recruitment was established in January

2014 to offer specific project management recruitment services. Obrar is a consulting-led project management services company, with over 30 years' experience of delivering technology and people solutions in the UK and internationally. Obrar focuses on multimedia-driven contact centres, corporate technology infrastructure and associated operational change management. Woodspeen Training works with individuals and companies across a range of occupational areas, led by an experienced team of advisors and trainers, operating from seven locations across the UK, enhancing young people's skills and helping them into work.

Overall revenue of this segment fell by just under 3%, though we were able to maintain profit margins in line with the previous year, such that the decline in segment profit was also 3%. However, taking into account the closure of the southern operations of Woodspeen, which is treated as a discontinued activity, underlying operating margins have materially improved.

During the year the ILX training business achieved revenue almost in line with the prior year with slightly improved operating margins. This year has been a transitory one for the business with its new Managing Director, who was appointed just before this period, transforming the management team and implementing steps to improve operational efficiency and marketing effectiveness.

The recruitment business, which specialises in both temporary and permanent resources in information management, has had a challenging year with differing performance across the various industry categories of our clients.

Woodspeen, for which this is the first full year under our ownership, has contributed strongly to revenue, but also made only a modest contribution to profit, as a result of the cost of reorganising the business to deliver our learning courses efficiently and effectively. This involved ceasing providing training in the south of the UK, disclosed as discontinued operations above, and in note 11 to the accounts. We see significant opportunities to grow this business which addresses an important area for both government and the wider community in getting people equipped to work.

Healthcare

	As reported Year ended		**As reported Year ended**	
	30.6.16 £000	**30.6.16 £000**	**30.6.15 £000**	**30.6.15 £000**
	Revenue	Segment Profit	Revenue	Segment Profit
Healthcare	11,148	62	13,688	984

Healthcare comprises the activities of the Starkstrom Group, the operating theatre and critical care business, which delivers and installs advanced medical equipment and is a leading provider of fully integrated solutions, with over 40 years' experience in the UK sector. Starkstrom also exports medical equipment overseas, with a particular focus on the Middle East region.

Although the headline performance was disappointing, with revenue down by 19% and segment profit down by 94%, there are specific factors which underpin this.

The business invested in the establishment of a marketing operation in Dubai to try and enhance the presence of Starkstrom in the Middle Eastern market. The expectations of this new office were not met and it has now been closed. In total this cost the business around £0.7 million during the year. There was also a much greater focus during the year on the gross margin that had to be achieved on contracts that we were bidding for. This resulted in us being unsuccessful on some contracts where the return was unacceptably low.

We have also taken steps to minimise the impact of the decline in the value of sterling following the referendum. We source a number of component items from within the Eurozone countries and are seeking to ensure that the cost of sterling's post referendum valuation is shared by both the supplier and our customers. We have also expanded the range of products that we can supply alongside our core contracts in operating theatres.

We entered the current financial year with our highest recorded order book of almost £6.0 million which, taken together with our recurring maintenance income, gives us greater visibility for the current year.

Communications

	As reported Year ended		As reported Year ended	
	30.6.16	**30.6.16**	**30.6.15**	**30.6.15**
	£000	**£000**	**£000**	**£000**
	Revenue	Segment Profit	Revenue	Segment Profit
Communications	34,559	515	29,142	194

Communications comprises the technology businesses in Australia and India.

Progility Technologies in Australia operates a communication systems integration business that designs, implements, trains and maintains technology solutions for medium and large enterprises. Its focus is on the transport, utilities, retail and healthcare industries in Australasia and on the mining industry globally. The business is headquartered in Melbourne, Australia, with five regional sales offices.

The client facing brands include:

- *Communications Australia*, focused on communication systems integration;
- *CA Bearcom*, Australia's largest distributor of two-way radio communications products;
- *Minerals & Energy Technologies*, which designs, implements and manages an array of integrated communications solutions for specific mining, energy and transport projects.

Progility Technologies Pvt. Ltd, formerly known as Unify Enterprise Communications Pvt provides unified communications and systems integration solutions across India and surrounding countries. The business has significant overlap of product offerings with Communications Australia whilst adding extensive service and maintenance capabilities, providing level 1, 2 and 3 support to its clients, which include over 200 hospitals under contract in the Indian market.

The Communications segment overall has shown strong sales growth of 19% and improvement in profit. Our Indian business, acquired in December 2014, has had a very good year. Revenue contribution from our business in India grew by 105% to £19.0 million, a result of both organic growth and consolidating a full year of results and, with tight control over pricing and costs, produced a strong performance. During the year the business has been stabilised across all our target business segments (voice, video, data, surveillance and services) and we have strengthened the Progility brand across the enterprise market.

Following the acquisition by Progility it has won back the confidence of the OEM's and our partner network and has successfully entered the high end Video Surveillance market.

The year ahead in India will require us to continue to be alert to new opportunities as the Indian government increases its expenditure on infrastructure but we will need to ensure that we do not succumb to pressure on margins.

In Australia the year under review was one of consolidation and the beginnings of recovery. The core business has been rationalised and we have refocussed our core business relationships. This focus has resulted in us winning the Unify Partner of the Year 2015, and two awards from Motorola. A number of partner relationships were terminated during the year.

Whilst we remain in a challenging market, the rigorous focus on our business and its key efficiencies introduced in the last year will enable us to drive the business forward.

Highlights

- 3.0% growth in revenue from continuing operations, year on year.
- Loss before tax £1.4 million from continuing operations (2015: £0.7 million profit from continuing operations) after highlighted items of £1.4 million profit (2015: £2.6 million profit)

Highlighted items

	As reported Year ended 30.6.16 £000	As reported Year ended 30.6.15 £000
Highlighted items	1,412	2,551

In the period under review the Group was able to release £2.0 million of its provision made for potential tax liabilities, when Progility Technologies Pvt Limited was acquired at the end of 2014. The provision has been reduced by £2.0 million, as no tax liabilities have arisen relating to the prior years up to and including 2011, and the balance of £1.0 million is estimated to be sufficient to provide for any liabilities which arise relating to the outstanding years to 2013.

A decision was also taken to impair £0.6 million of goodwill in Progility Pty Limited in the period, a reflection of the challenging market in which our Australian businesses currently operate. However, the aforementioned focus on our business and its key efficiencies will enable us to drive the business forward in the coming year.

Central corporate costs

	As reported Year ended 30.6.16 £000	As reported Year ended 30.6.15 £000
Central corporate costs	(1,770)	(1,838)

Central costs comprise back office operations including property, legal, finance, IT, communications, HR and board costs in London. There have been a number of non-recurring items incurred in the year as part of a rationalisation exercise to reduce central costs, and which will provide benefits in the coming year. Additional costs, around staff engaged on acquisitions or disposals, may also be incurred when such activity takes place.

Financial Review

Operating performance

The Group delivered revenues of £62.5 million (2015: £60.1 million), growth of 4.0%. Gross margins decreased slightly to 37.3% (2015: 38.3%). Operating loss after excluding highlighted items (see note 10) fell to £0.4 million (2015: £0.2 million profit).

Highlighted items include the release of £2.0 million from a £3.0 million provision made in the prior year, which arose from the acquisition of Progility Technologies Pvt in India, and an impairment charge of £0.6 million relating to goodwill in the Australian operations.

	Result for the period ended 30.6.2016	**Highlighted items 30.6.2016**	**Underlying result for the period ended 30.6.2016**
	£'000	**£'000**	**£'000**
Revenue – continuing operations	61,631	-	61,631
Revenue – discontinued operations	824	-	824
Revenue – total	62,455	-	62,455
Operating profit/(loss) – continuing operations	1,306	-	(106)
Operating profit/(loss) – discontinued operations	(268)	-	(268)
Operating profit/(loss) - total	1,038	1,412	(374)

Finance costs

The Group incurred net finance costs of £2.7 million (2015: £2.2 million) during the reporting period. The year on year increase reflects the higher levels of debt in the Group, primarily relating to £3.6 million of new shareholder loans raised during the year.

Taxation

The tax expense for the year was £1.0 million (2015: £0.02 million), higher than the prior year as a result of taxes incurred in India and the de-recognition of deferred tax assets relating to Progility plc.

Profit for the period and earnings per share

The loss attributable to equity shareholders was £2.7 million (2015: £0.5 million profit) from continuing and discontinued operations. Losses per share were 1.35 pence basic and diluted (2015: 0.24 pence earnings per share basic and diluted) from continuing and discontinued operations.

Hive Down

Progility plc is the AIM listed holding company of the Progility Group. Until 30 June 2015 the United Kingdom operations of the ILX Group training division of the business traded as part of the Progility plc legal entity. A decision was made to hive down the assets, liabilities and trade of the ILX training division to a 100% owned subsidiary company, ILX Group plc, with effect from 1 July 2015. Details of the assets and liabilities transferred to ILX Group plc are included in the notes to the accounts. It should be noted that this transaction has no impact on the consolidated financial statements as it is intra-group.

Going Concern

The Group has prepared its accounts on a going concern basis based on current forecasts for the period through to December 2017. While the Group had net current liabilities at the year-end, the Board believes that it can meet its day-to-day working capital requirements from operating cash flows and its existing facilities. The Company's largest shareholder, Praxis Trustees Limited, as trustee of the DNY Trust, announced its intention, on 7 July 2014, to support Progility by making up to £30 million available on commercial terms. This facility is currently £17 million undrawn.

Cash flow, net debt and facilities

Cash flow

Cash generated from operating activities was £1.8 million (2015: £1.3 million). The Group generates operating cash flow from its product sales, maintenance contracts and from advance payments from customers.

The Group paid £0.6 million in income tax during the period of reporting (2015: £0.4 million paid).

The Group continues to invest in its staff development, its product range and also incurred capital expenditure in the period relating to updates of intellectual property assets, product development and its internal systems and equipment to improve operating efficiency.

Net debt and facilities

At the balance sheet date the Group's debt comprised loans and overdrafts due within one year of £1.2 million (2015: £3.3 million) and £18.5 million (2015: £14.8 million) falling due in over one year. Of these amounts a total of £18.8 million represents shareholder loans made up of £0.4 million of convertible loan notes and £18.4 million of other notes.

Net debt at the year end, defined as all bank and third party debt, less cash at bank, excluding shareholder loans was an asset of £2.8m million (2015: asset of £0.6 million). This comprised: £3.6 million in cash balances, less £0.8 million in invoice discounting facilities.

Consolidated Statement of Comprehensive Income for the Year ended 30 June 2016

	Before Highlighted items 30.6.2016	Highlighted items	Year ended 30.6.2016	Before Highlighted items 30.6.2015	Highlighted items	Year ended 30.6.2015
Continuing operations	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	61,631	-	61,631	59,712	0	59,712
Cost of sales	(39,015)	-	(39,015)	(36,638)	0	(36,638)
Gross profit	22,616	-	22,616	23,074	-	23,074
Administrative and distribution expenses	(22,722)	(588)	(23,310)	(22,650)	(676)	(23,326)
Other income	-	2,000	2,000	-	3,227	3,227
Operating (loss)/profit	(106)	1,412	1,306	424	2,551	2,975
Finance income	263	-	263	65	-	65
Finance costs	(2,962)	-	(2,962)	(2,296)	-	(2,296)
Loss/(profit) before tax	(2,805)	1,412	(1,393)	(1,807)	2,551	744
Tax expense	(1,038)	-	(1,038)	(64)	46	(18)
Loss/(profit) after tax	(3,843)	1,412	(2,431)	(1,871)	2,597	726
Discontinued operation						
Loss after tax from discontinued operations	(268)	-	(268)	(239)	-	(239)
Loss/(profit) for the year attributable to equity shareholders	(4,111)	1,412	(2,699)	(2,110)	2,597	487
Items that may be reclassified to profit or loss						
Currency translation differences on foreign operations			662			(287)
Other comprehensive income, net of tax			662			(287)
Total comprehensive (loss)/income			(2,037)			200
(Loss)/earnings per share from continuing operations						
Basic			(1.22)p			0.36p
Diluted			(1.22)p			0.36p

Consolidated statement of Financial Position for the Year ended 30 June 2016

	As at 30.6.2016	As at 30.6.2015
Assets	**£'000**	**£'000**
Non-current assets		
Plant and equipment	1,029	1,449
Intangible assets	19,501	20,135
Deferred tax asset	709	888
Total non-current assets	21,239	22,472
Current assets		
Inventories	3,260	4,001
Trade and other receivables	14,931	16,554
Other current assets	2,827	2,107
Tax receivable	-	41
Cash and cash equivalents	3,564	3,538
Total current assets	24,582	26,241
Total assets	45,821	48,713
Current liabilities		
Trade and other payables	(20,309)	(19,889)
Deferred/contingent consideration	(681)	(2,041)
Provisions	(2,650)	(4,282)
Tax liabilities	(174)	(28)
Bank and shareholder loans	(1,174)	(3,288)
Total current liabilities	(24,988)	(29,528)
Non-current liabilities		
Shareholder loans	(18,463)	(14,837)
Deferred tax liability	(186)	(199)
Provisions	(131)	(90)
Total non-current liabilities	(18,780)	(15,126)
Total liabilities	(43,768)	(44,654)
Net assets	2,053	4,059
Equity		
Issued share capital	19,967	19,967
Share premium	114	114
Other reserve	75	75
Merger reserve	(14,854)	(14,854)
Own shares in trust	(2)	(2)
Share option reserve	42	43
Retained earnings	(3,620)	(953)
Foreign currency translation reserve	331	(331)
Total equity	2,053	4,059

Consolidated Cash Flow Statement for the Year ended 30 June 2016

	Year ended 30.6.2016	Year ended 30.6.2015
	£'000	£'000
Operating profit	1,038	2,736
Adjustments for:		
Depreciation and amortisation	1,135	1,154
Loss on fixed asset disposal	96	86
Impairment of intangibles	588	229
Gain on bargain purchase		(3,227)
Share option charge	31	40
Revaluation of own shares held in trust	-	48
Movement in inventories	1,113	1,101
Movement in trade and other receivables	2,400	146
Movement in trade and other payables	(4,446)	(942)
Exchange difference on consolidation	(170)	(59)
Cash generated from operations	1,785	1,312
Income taxes (paid)/recovered	(590)	(439)
Net cash generated from operating activities	1,195	873
Investing activities		
Interest received	263	65
Purchases of property and equipment	(388)	(555)
Capitalised expenditure on product development	(64)	(52)
Acquisition of subsidiaries, net of cash acquired	(1,361)	(8,032)
Net cash used by investing activities	(1,550)	(8,574)
Financing activities		
Proceeds from borrowings	2,775	11,286
Repayment of borrowings	(2,402)	(1,235)
Interest costs paid	(75)	(408)
Net cash from financing activities	298	9,643
Net change in cash and cash equivalents	(57)	1,942
Cash and cash equivalents at start of year	3,350	1,533
Effect of foreign exchange rate differences	271	(125)
Cash and cash equivalents at end of year	3,564	3,350
Cash and cash equivalents comprise		
Cash in hand and at bank	3,564	3,538
Bank overdraft	-	(188)
	3,564	3,350

Statement of Changes in Equity for the year ended 30 June 2016

Group	Called up share capital £'000	Share premium account £'000	Other reserve £'000	Merger reserve £'000	Own shares in trust £'000	Share option reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 30.6.2014	**19,967**	**114**	**75**	**(14,854)**	**(50)**	**16**	**(44)**	**(1,453)**	**3,771**
Options granted	-	-	-	-	-	40	-	-	40
Revaluation of own shares	-	-	-	-	48	-	-	-	48
Options lapsed and waived	-	-	-	-	-	(13)	-	13	-
Transactions with owners	**-**	**-**	**-**	**-**	**48**	**27**	**-**	**13**	**88**
Profit for the year	-	-	-	-	-	-	-	487	487
Other comprehensive income:									
Foreign currency translation adjustment	-	-	-	-	-	-	(287)	-	(287)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(287)**	**487**	**200**
Balance at 30.6.2015	**19,967**	**114**	**75**	**(14,854)**	**(2)**	**43**	**(331)**	**(953)**	**4,059**
Balance at 30.6.2015	**19,967**	**114**	**75**	**(14,854)**	**(2)**	**43**	**(331)**	**(953)**	**4,059**
Options granted	-	-	-	-	-	31	-	-	31
Revaluation of own shares	-	-	-	-	-	-	-	-	-
Options lapsed and waived	-	-	-	-	-	(32)	-	32	-
Transactions with owners	-	-	-	-	-	(1)	-	32	31
Loss for the year	-	-	-	-	-	-	-	(2,699)	(2,699)
Other comprehensive income:									
Foreign currency translation adjustment	-	-	-	-	-	-	662	-	662
Total comprehensive income for the year	-	-	-	-	-	-	662	(2,699)	(2,037)
Balance at 30.6.2016	**19,967**	**114**	**75**	**(14,854)**	**(2)**	**42**	**331**	**(3,620)**	**2,053**

Financial Information

The preliminary financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 but is derived from the audited accounts for the years ended 30 June 2016 and 30 June 2015.

Progility plc (the "Company") is a public limited company incorporated in England and Wales and, together with its subsidiaries, forms the Progility group (the "Group"). These financial statements are presented in pounds sterling which is the Company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise indicated.

The Group financial statements were authorised for issue by the Directors on 7 October 2016.

The Group financial statements consolidate those of the Company and its subsidiaries. The Company financial statements present information about the Company as a separate entity and not about its Group.

Both the Group financial statements and the Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). In publishing the Company financial statements here together with the Group financial statements, the Company has taken advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

The statutory accounts for the year ended 30 June 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. Statutory accounts for the year ended 30 June 2015 have been filed with the Registrar of Companies. The auditor's report on those 2015 accounts was unqualified.

Basis of preparation

The preparation of the Group accounts in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. The key accounting estimates and assumptions are set out below. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgment of conditions at the date of the financial statements.
In the future, actual experience may deviate from these estimates and assumptions, which could affect the financial statements as the original estimates and assumptions are modified, as appropriate, in the year in which the circumstances change.
The financial statements have been prepared on the historical cost basis as modified by financial assets and financial liabilities (including derivative financial instruments) at fair value.

Highlighted items

The Group incurred costs during the year which we have highlighted. These costs, set out below, include transaction costs, restructuring costs and other strategic, non-cash items and released provisions, including impairment, bargain gain on acquisition and non-recurring acquisition expenses. This has resulted in the following charges, gains and intangibles impairment as follows:

	Year ended 30.6.2016 £'000	Year ended 30.6.2015 £'000
Recurring		
Acquisition and merger costs *	-	447
Non-recurring		
Bargain gain on acquisition **	-	(3,227)
Impairment of intangibles ***	-	229
Impairment of goodwill ****	588	-
Release of transfer pricing provision*****	(2,000)	-
Total highlighted items	(1,412)	(2,551)

* Relates to the acquisitions of Starkstrom group, Progility India and Woodspeen in the period ended 30.6.2016 (2015: acquisition of Sue Hill and Progility Pty Ltd)

** Relates to gain on the acquisition of Progility India.

*** Relates to the impairment of Obrar intangible assets.

**** Relates to the impairment of Goodwill in Progilty Pty Ltd.

***** Relates to the transfer pricing provision made on the acquisition of Progilty India.

Earnings per share from continuing operations

Earnings per share is calculated by dividing loss from continuing operations attributable to shareholders by the weighted average number of shares in issue during the year.

Potential ordinary shares arising under potential conversion of the convertible loan and share options outstanding are considered anti-dilutive for the year ended 30 June 2016 and the period ended 30 June 2015. At 30 June 2016, the 4.45 million outstanding share options were excluded from the dilution calculation as the exercise price of 10 pence was greater than the average price for the period in issue.

	Year ended 30.6.2016 £'000	Year ended 30.6.2015 £'000
(Loss)/Profit for the year from continuing operations attributable to equity shareholders	(2,431)	726
Weighted average shares	199,666,880	199,666,880
Weighted average shares for diluted earnings per share	199,666,880	199,666,880
Basic (loss)/earnings per share from continuing operations	(1.22)p	0.36p
Diluted (loss)/earnings per share from continuing operations	(1.22)p	0.36p

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This announcement contains information which, prior to its disclosure, was inside information for the purposes of the Market Abuse Regulation.

Group Description

Progility plc, the systems integrator and project management services firm has three operating divisions: Professional Services, Healthcare and Communications.

Professional Services

The Professional Services division includes ILX Training, the TFPL, Sue Hill and Progility Recruitment UK-based recruitment service brands, Obrar consulting and Woodspeen Training.

The founding unit of the Group, ILX Training is a leading provider of training in best practice for programme, project and IT service management, including strategic programme and project management consulting solutions. ILX also develops bespoke training courses for large-scale IT migration and transformation projects. We deliver ILX services from offices in the UK and Dubai and Australia, with partnerships extending into Europe and the US.

TFPL became part of the Group in July 2014 with Sue Hill joining in November 2014. Together they form a recruitment division which boasts a pool of quality assured candidates trained in project management services, including digital information management candidates. Progility Recruitment was established in January 2014 to offer specific project management recruitment services. Obrar is a consulting-led project management services company, with over 30 years' experience of delivering technology and people solutions in the UK and internationally. Woodspeen Training works with individuals and companies across a range of occupational areas, led by an experienced team of advisors and trainers, operating from seven locations across the UK, enhancing young people’s skills and helping them into work.

Communications

The Communications division comprises Progility Technologies in Australia and India.

Progility Technologies operates a communication systems integration business that designs, implements and maintains solutions for medium and large enterprises with a focus on the rail, port, oil and gas, power, water and healthcare industries in Australia, on the healthcare, hospitality, financial services, public sector, manufacturing, education and IT sectors in India and on the mining industry globally.

The Australian business, which was merged with the Group in October 2013, is headquartered in Melbourne, Australia, and has offices in Sydney, Brisbane, Perth, Latrobe Valley, and Castlemaine. The Indian business joined the Group in December 2014, is headquartered in Mumbai and operates through a network of 21 offices throughout India.

Healthcare

Healthcare comprises the activities of the Starkstrom Group, the operating theatre and critical care business, which delivers and installs advanced medical equipment and is a leading provider of fully integrated solutions, with over 40 years' experience in the UK sector. Acquired in July 2014, Starkstrom is headquartered in north-west London and with a manufacturing and assembly facility in Leicester.

Progility Finco

Progility Finco is a wholly owned subsidiary of Progility plc which was incorporated as a special purpose vehicle in order to issue loan notes which would be admitted to the Official List of the Channel Islands Securities Exchange Authority to help meet the financing requirements of the Group.